

Office of Family Assistance, ACF, HHS

§ 270.4

Comparison year means the fiscal or calendar year preceding the performance year.

Fiscal year means the 12-month period beginning on October 1 of the preceding calendar year and ending on September 30.

Food Stamp Program means the program administered by the United States Department of Agriculture pursuant to the Food Stamp Act of 1977, U.S.C. 2011 *et seq.*

CMS is the Centers for Medicare & Medicaid Services.

Improvement rate means the positive percentage point change between the absolute rate of performance in the performance year and the comparison year, except for the calculation and ranking of States on the increase in success in the work force measure in § 270.5(a)(4).

Medicaid is a State program of medical assistance operated in accordance with a State plan under title XIX of the Act.

MSIS is the Medicaid Statistical Information System.

Performance year means the year in which a State's performance is measured, i.e., the fiscal year or the calendar year immediately preceding the bonus year.

SCHIP is the State Children's Health Insurance Program as described in title XXI of the Act.

Separate State Program (SSP) means a program operated outside of TANF in which the expenditure of State funds may count for TANF maintenance-of-effort (MOE) purposes.

SSP-MOE Data Report is the report containing disaggregated and aggregated data required to be filed on SSP-MOE recipients in separate State programs as specified in § 265.3(d) of this chapter.

State means each of the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa.

TANF means The Temporary Assistance for Needy Families Program.

We (and any other first person plural pronouns) means the Secretary of Health and Human Services or any of the following individuals or organizations acting in an official capacity on

the Secretary's behalf: the Assistant Secretary for Children and Families, the Department of Health and Human Services, and the Administration for Children and Families.

§ 270.3 What is the annual maximum amount we will award and the maximum amount that a State can receive each year?

(a) Except as provided in § 270.9, we will award \$200 million in bonus funds annually, subject to Congressional authorization and the availability of the appropriation.

(b) The amount payable to a State in a bonus year may not exceed five percent of a State's family assistance grant.

§ 270.4 On what measures will we base the bonus awards?

(a) *Performance measures: general.* In FY 2002 and beyond, we will base the high performance bonus awards on: four work measures; five measures that support work and self-sufficiency related to participation by low-income working families in the Food Stamp Program, participation of former TANF recipients in the Medicaid and SCHIP programs, and receipt of child care; and one measure on family formation and stability.

(b) *Work measures.* (1) Beginning in FY 2002, we will measure State performance on the following work measures:

- (i) Job entry rate;
- (ii) Success in the work force rate;
- (iii) Increase in the job entry rate; and
- (iv) Increase in success in the work force rate.

(2) For any given year, we will score and rank competing States and award bonuses to the ten States with the highest scores in each work measure.

(c) *Measures of participation by low-income working households in the Food Stamp Program—*(1) *Food Stamp absolute measure.* (i) Beginning in FY 2002, we will measure the number of low-income working households with children (i.e., households with children under age 18 which have an income less than 130 percent of poverty and earnings equal to at least half-time, full-year minimum

wage) receiving Food Stamps as a percentage of the number of low-income working households with children (as defined in this paragraph) in the State.

(ii) We will rank all States that choose to compete on this measure and will award bonuses to the three States with the highest scores. We will calculate the percentage rate for this measure to two decimal points. If two or more States have the same percentage rate for the measure, we will calculate the rates for these States to as many decimal points as necessary to eliminate the tie.

(2) *Food Stamp improvement measure.*

(i) Beginning in FY 2002, we will measure the improvement in the number of low-income working households with children (*i.e.*, households with children under age 18 which have an income less than 130 percent of poverty and earnings equal to at least half-time, full-year Federal minimum wage) receiving Food Stamps as a percentage of the number of low-income working households with children (as defined in this subparagraph) in the State.

(ii) For any given year, we will compare a State's performance on this measure to its performance in the previous year, beginning with a comparison of calendar (CY) 2000 to CY 2001, based on Census Bureau decennial and annual demographic program data.

(iii) We will rank all States that choose to compete on this measure and will award bonuses to the seven States with the greatest percentage point improvement in this measure. We will calculate the percentage rate for this measure to two decimal points. If two or more States have the same percentage rate for this measure, we will calculate the rates for these States to as many decimal points as necessary to eliminate the tie.

(d) Measures of participation by low-income families in the Medicaid/SCHIP Programs. (1) *Medicaid/SCHIP absolute measure.* (i) Beginning in FY 2002, we will measure the number of individuals receiving TANF benefits who are also enrolled in Medicaid or SCHIP, who leave TANF in a fiscal year and are enrolled in Medicaid or SCHIP in the fourth month after leaving TANF assistance, and who are not receiving TANF assistance in the fourth month

as a percentage of individuals who left TANF in the fiscal year and are not receiving TANF assistance in the fourth month after leaving.

(ii) We will rank the performance of each State that chooses to compete on this absolute measure and award bonuses to the three States with the highest scores.

(iii) We will calculate the percentage rate for this measure to two decimal points. If two or more States have the same percentage rate for this measure, we will calculate the rates for these States to as many decimal points as necessary to eliminate the tie.

(2) *Medicaid/SCHIP improvement measure.*

(i) Beginning in FY 2002, we will measure the improvement in the number of individuals receiving TANF benefits who are also enrolled in Medicaid or SCHIP, who leave TANF in a fiscal year and are enrolled in Medicaid or SCHIP in the fourth month after leaving TANF assistance, and who are not receiving TANF assistance in the fourth month as a percentage of individuals who left TANF in the fiscal year and are not receiving TANF assistance in the fourth month after leaving.

(ii) For any given year, we will compare a State's performance on this improvement measure to its performance in the previous year, beginning with a comparison of FY 2000 to FY 2001, based on a quarterly submission by the State as determined by matching individuals (adults and children) who have left TANF assistance and who are not receiving TANF assistance in the fourth month with Medicaid or SCHIP enrollment data.

(iii) We will rank the performance of all States that choose to compete on this improvement measure and will award bonuses to the seven States with the greatest percentage point improvement in this measure.

(iv) We will calculate the percentage rate for the measure to two decimal points. If two or more States have the same percentage rate for this measure, we will calculate the rates for these States to as many decimal points as necessary to eliminate the tie.

(e) *Child care subsidy measure.* (1) Beginning in FY 2002, we will measure

State performance based upon a composite ranking of:

(i) The accessibility of services based on the percentage of children in the State who meet the maximum allowable Federal eligibility requirements for the Child Care and Development Fund (CCDF) who are served by the State during the performance year, and who are included in the data reported on the ACF-800 and ACF-801 for the same fiscal year; and

(ii) The affordability of CCDF services based on a comparison of the reported assessed family co-payment to reported family income and a comparison of the number of eligible children under the State's defined income limits to the number of eligible children under the federal eligibility limits.

(2) Beginning in FY 2003, we will measure State performance based upon a composite ranking of:

(i) The two components described in paragraph (e)(1) of this section; and

(ii) The quality of CCDF services based on a comparison of reimbursement rates during the performance year to the market rates, determined in accordance with 45 CFR 98.43(b)(2), applicable to that year.

(3) For the affordability component in paragraph (e)(1)(ii) of this section, we will compare family income to the assessed State family co-payment as reported on the ACF-801 across four income ranges. These income ranges refer to percentages of the Federal Poverty Guidelines for a family of three persons. The income ranges are as follows:

- (i) Income below the poverty level;
- (ii) Income at least 100 percent and below 125 percent of poverty;
- (iii) Income at least 125 percent and below 150 percent of poverty; and
- (iv) Income at least 150 percent and below 175 percent of poverty.

(4)(i) For the affordability component, we will calculate, for each income range, the average of the ratios of family co-payment to family income for each family served; and

(ii) We will calculate a ratio of the number of children eligible under the State's defined income limits compared to the number of children eligible under the Federal eligibility limits in

the CCDF, i.e., 85 percent of the State's median income.

(iii) We will rank each State based on each of the four averages calculated in paragraph (e)(4)(i) of this section and the ratio calculated in paragraph (e)(4)(ii) of this section and combine the ranks to obtain the State's score on this component.

(5) For the quality component specified in paragraph (e)(2)(ii) of this section, in FY 2003 and beyond, we will compare the actual rates paid by the State as reported on the ACF-801 (not the published maximum rates) to the market rates applicable to the performance year, i.e., FY 2002. Each State competing on this measure must submit the following data as a part of its market rate survey:

(i) Age-specific rates for children 0-13 years of age reported by the child care centers and family day care homes responding to the State's market rate survey; and

(ii) The provider's county or, if the State uses multi-county regions to measure market rates or set maximum payment rates, the administrative region.

(6) For the quality component, we will compute the percentile of the market represented by the amount paid for each child as reported on the ACF-801 by comparing the actual payment for each child to the array of reported market rates for children of the same age in the relevant county or administrative region. (We will compare payments for children in center-based care to reported center care provider rates. We will compare payments for children in non-center-based care, i.e., family day care and unlicensed child care, to reported family child care provider rates.)

(i) We will take the percentile that results from the per-child comparison of the actual payment to the reported market rates and compute separate State-wide averages for center-based and non-center-based care; and

(ii) We will rank the State according to the two State-wide averages and combine the ranks to obtain the State's score on this component.

(7) For any given year, we will rank the States that choose to compete on

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the child care measure on each component of the overall measure and award bonuses to the ten States with the highest composite rankings.

(8) We will calculate each component score for this measure to two decimal points. If two or more States have the same score for a component, we will calculate the scores for these States to as many decimal points as necessary to eliminate the tie.

(9)(i) The rank of the measure for the FY 2002 bonus year will be a composite weighted score of the two components at paragraph (e)(1) of this section, with the component at paragraph (e)(1)(i) of this section having a weight of 6 and the component at paragraph (e)(1)(ii) of this section having a weight of 4.

(ii) The rank of the measure for the bonus beginning in FY 2003 will be a composite weighted score of the three components at paragraph (e)(2) of this section, with the component at paragraph (e)(1)(i) of this section having a weight of 5, the component at paragraph (e)(1)(ii) of this section having a weight of 3, and the component at paragraph (e)(2)(ii) of this section having a weight of 2.

(10) We will award bonuses only to the top ten qualifying States that have fully obligated their CCDF Matching Funds for the fiscal year corresponding to the performance year and fully expended their CCDF Matching Funds for the fiscal year preceding the performance year.

(f) *Family formation and stability measure.* (1) Beginning in FY 2002 and beyond, we will measure the increase in the percent of children in each State who reside in married couple families, beginning with a comparison of CY 2000 and CY 2001 data from the Census Bureau. For any given subsequent year we will compare a State's performance on this measure to its performance in the previous year.

(2) We will rank the performance of those States that choose to compete on this measure and will award bonuses to the ten States with the greatest percentage point improvement in this measure.

(3) We will calculate the percentage rate for the measure to two decimal points. If two or more States have the same percentage rate for this measure,

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we will calculate the rates for these States to as many decimal points as necessary to eliminate the tie.

(g) *Option to compete.* Each State has the option to compete on one, any number of, or none of the measures specified in this section.

[65 FR 52851, Aug. 30, 2000, as amended at 65 FR 75634, Dec. 4, 2000; 66 FR 23859, May 10, 2001]

EFFECTIVE DATE NOTE: At 66 FR 23859, May 10, 2001, in § 270.4, paragraph (e)(2)(ii) was revised. The amendment contains information collection and recordkeeping requirements and will not become effective until approval has been given by the Office of Management and Budget.

§ 270.5 What factors will we use to determine a State's score on the work measures?

(a) *Definitions.* The work measures are defined as follows:

(1) The *Job Entry Rate* means the unduplicated number of adult recipients who entered employment for the first time in the performance year (job entries) as a percentage of the total unduplicated number of adult recipients unemployed at some point in the performance year.

(2) The *Success in the Work Force Rate* is composed of two equally weighted sub-measures defined as follows:

(i) The *Job Retention Rate* means the performance year sum of the unduplicated number of employed adult recipients in each quarter one through four who were also employed in the first and second subsequent quarters, as a percentage of the sum of the unduplicated number of employed adult recipients in each quarter. (At some point, the adult might become a former recipient.); and

(ii) The *Earnings Gain Rate* means the performance year sum of the gain in earnings between the initial and second subsequent quarter in each of quarters one through four for adult recipients employed in both these quarters as a percentage of the sum of their initial earnings in each of quarters one through four. (At some point, the adult might become a former recipient.)

(3) The *Increase in the Job Entry Rate* means the positive percentage point difference between the job entry rate